

## PROJECT OVERSIGHT REPORT

Human Resource Management System (HRMS)  
Department of Personnel

Report as of Date:  
December 2004

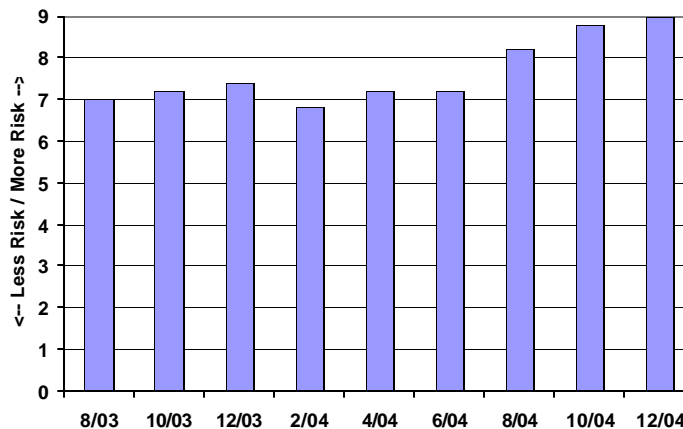
Project Manager: Brian Turner  
Project Director: Tom Miller  
Executive Sponsor: Gene Matt

MOSTD Staff: Tom Parma

Severity/Risk Rating: High (high severity, high risk)

Oversight: Level 3 – ISB

### Overall Project Risk Assessment



**Project Synopsis:** Based on information provided by several of the project controls, the Department of Personnel (DOP) decided at its December 22, 2004 Go Live meeting to postpone the implementation of Release 1 Group 1 (R1G1) of the Human Resource Management System (HRMS). R1G1 was originally scheduled for a January 1, 2005 implementation. This represents the second delay. DOP has yet to determine a new schedule.

**Staff Recommendations:** ISB staff recommends that DOP reopen Sterling Associates' recommendation #29, which states, "Do not specify new project deployment dates until a revised work plan is completed and reviewed, with acceptable levels of detail related to assumptions, staffing, and schedule." This recommendation supports Sterling Associates' December 7, 2004 QA report statement, "Progress has been made on project tasks, addressing agency issues and on improving project controls. However, there are still project controls that need to be re-implemented (such as progress metric reporting, earned value reporting, critical path impact assessments)."

ISB staff has no additional recommendations related to the budget or scope variances other than the mitigation steps currently underway and stated below.

DOP has complied, or is in the process of complying, with all ISB staff and Sterling Associates' recommendations.

### Variances:

- **Schedule:** Prior to the Go Live decision to postpone the R1G1 implementation date, the project reports being three weeks behind the revised March/May schedules for Release 1 Groups 1 & 2. This information is an estimate based in large part on project control documents that are not part of the integrated schedule. The recently reconstituted integrated schedule still does not contain the level of dependency detail sufficient to determine variances to the project milestones to this degree. The integrated schedule is being used

primarily to track and report actual versus planned hours and does not adequately represent the critical path.

- Budget/Cost: The November budget shows a \$322,490 negative variance. The largest contributors to this variance are State Project Team and implementation services costs. At this time it is unknown what effect postponing implementation of R1G1 will have on the budget.
- Scope: The functional team is compiling a list of manual user procedures that will have to be developed prior to Go Live. Many of these are typical and expected exception procedures. A few are “work-arounds” that will have to be automated at a later date.
- Resources: Staffing for Release 1 is in place. There continues to be some over-commitment of state subject matter experts. Steps are being taken to redistribute some of the workload assigned to these key personnel.

### **Risks/Mitigation Tasks:**

The following items are listed in the project manager’s “Top Issues” report dated December 6, 2004. DOP has rated the “Magnitude of Impact” for all of these issues as High. Correspondingly, DOP has characterized the effectiveness of the mitigation efforts as medium or high on all except Item #2 – Agency acceptance of Release 1 Scope Decisions. Three new Risks are listed; all others were previously reported.

1. Increase confidence among project stakeholders in project plan and controls.

#### Mitigation Tasks

- Complete integration of project work plans
- Complete “must finish by” analysis
- Estimate schedule impact of deferring non-critical functionality
- Identify remaining unresolved items and calculate effort to resolve those items required for Go Live

2. Agency acceptance of Release 1 scope decisions.

#### Mitigation Tasks

- Complete impact review of interface and reports by agency
- Review enhancement list to determine impact by agency
- Continue agency discussions on specific items in and out of scope for Release 1

3. **NEW** – Scope of interface and integration testing.

#### Mitigation Tasks

- Compile exit criteria for cycle 4 test
- Obtain commitment from central agencies to assist in managing cycle 4 scope
- Finalize Pay1 regression testing approach
- Confirm defect tracking and status reporting

4. Develop an integrated picture of reporting across the project.

#### Mitigation Tasks

- Confirm scope of accounting reports
- Identify SAP delivered reports for each required accounting report
- Publish report layouts to web site
- Perform internal control review with OFM

- Ensure all customization requests are subjected to the change request process
5. Resolve resource constraint issues.

All previous Mitigation Tasks have been implemented; project continues to monitor.

6. Increase project team's responsiveness to agency issues.

Mitigation Tasks

- Validate remaining agency questions
- Continue daily interface status meetings
- Publish FAQs
- Communicate agency questions that have been closed

7. **NEW** – Secure agreement on Financial Configuration and Interface Specifications.

Mitigation Tasks

- Obtain sign-off of functional specifications for the primary financial interfaces
- Conduct technical design and build out
- Perform system test planning and preparation

8. **NEW** – Stability of conversion modules and auditability of results.

Mitigation Tasks

- Review Mock 3-A (conversion) open issues and bugs (SIRs)
- Approve Mock 3-A results and authorize Mock 3-B
- Develop mechanism for agencies to review results of conversions at their discretion

In addition, the following "Top Concerns" are listed beginning on page 4 of the December 7, 2004 QA report, previously distributed to the ISB. Please refer to that report for topic details. All QA concerns that are new as of this report are so noted.

- The project will not meet milestone implementation dates
- The project may not meet overall schedule parameters for Personnel Reform
- Controls may not be commensurate with risks
- The project may lose credibility due to a schedule change, interim dates that are not met, or if yet another schedule revision is required (**new**)
- Critical activities, such as testing, may be compromised to meet the project schedule
- Data purification and conversion work may be larger than expected (**new**)
- HRMS will cause significant changes in agency workflow and responsibility causing temporary workload and learning curve increases (**new**)
- Agencies may not be ready for the HRMS implementation as scheduled (**new**)
- Knowledge transfer to state staff may not happen effectively
- State and/or vendor staff may "burn-out" resulting in loss of vital knowledge, lower productivity, or mistakes
- Project deliverables may have significant defects
- HRMS and other state financial systems may not interface correctly
- The project may not meet budget parameters
- Resources for state post-implementation production support may not be sufficient in the short-term
- A change in Administration may negatively impact executive commitment
- Insufficient resources may have been estimated for Releases 2 and 3

## Background Information

**Description:** The Personnel System Reform Act of 2002 (SHB1268) necessitates extensive changes to Washington State's Civil Service System. SHB1268 establishes a January 1, 2005 deadline to begin implementation of a new classification system, Civil Service Reform (CSR), and a July 1, 2005 deadline for implementation of the first Collective Bargaining (CB) agreements. By these dates, DOP's HRMS must be able to support the functionality required by the act. DOP is responsible for civil service reform and OFM is responsible for collective bargaining.

DOP's systems support over 65,000 state employees and over 2,000 authorized system users. The systems are over 25 years old, technically complex, costly to modify, and lack the functionality and flexibility to support modern human resources practices and many of the anticipated requirements for CSR/CB. The existing systems also support over 200 interfaces to other state and external systems.

DOP/OFM presented the findings of their feasibility study and received approval from the Board at the January 2003 meeting to proceed with the acquisition of integration services, software, and hardware to begin replacing the existing HRIS system. The RFP was released on April 16, 2003 and responses were due May 19, 2003. Two vendors submitted proposals, the team of Accenture/SAP and the team of IBM/PeopleSoft. Both continued through to announcement of the Apparently Successful Vendor (ASV). Demonstrations and presentations were conducted the week of June 9<sup>th</sup>. Best and final offers were due June 30, 2003. Accenture/SAP was named the ASV on July 7, 2003.

The major project phases are:

- Release I – Implement core payroll functionality required to support CSR/CB
  - Group 1 – agencies not subject to Collective Bargaining
  - Group 2 – remaining agencies
- Releases II & III – Implement additional HR functionality (recruitment, training, and performance evaluation) and time reporting

**Technology:** The proposed technology is:

- SAP's core ERP product, R/3
- SAP's data warehouse product, Business Warehouse
- Microsoft Windows OS
- Microsoft SQL Server DBMS
- Hewlett-Packard Proliant servers
- Accenture implementation services

**Budget:** The budget for the 03-05 Biennium authorizes DOP to enter into a financing contract for up to \$32 million (later raised to \$39 million during the 2004 legislative session), not including interest, for not more than 12 years to purchase, develop, and implement the new HRMS. In addition to the \$39 million, the Legislature allocated an additional \$10 million from Department of Information Services rebates to the project.